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HONOLULU SYMPHONY SOCIETY

IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF HAWAII

In re

HONOLULU SYMPHONY
SOCIETY,

Debtor.

Case No. 09-02978
(Chapter 11)

Hearing:

Date: December 13, 2010

Time: 9:30 a.m.

Judge: Honorable Robert J. Faris

**HONOLULU SYMPHONY SOCIETY'S STATEMENT
RE: MOTION TO EXTEND TIME TO FILE A PLAN OF
REORGANIZATION AND DISCLOSURE STATEMENT**

Honolulu Symphony Society, the Debtor, submits this Statement Re:
Motion to Extend Time to File a Plan of Reorganization and Disclosure Statement.

On December 18, 2009, the Honolulu Symphony Society (“Society”) filed its petition for relief pursuant to 11 U.S.C. § 1101, et. seq. At the time of the filing, the Society had cancelled its 2009 – 2010 symphonic season and was no longer performing.

Prior to the filing of the petition, in September 2009, the Society had paid the musicians approximately \$2 million in back wages, benefits and the applicable taxes. The source of the funds to make the back wage payments to the musicians was the Honolulu Symphony Foundation (“Foundation”). In order to get these funds, the Society took an advance of their annual disbursements from the Foundation for a period of six years.

The Society, like symphonies across the country, ran into financial difficulties in the years preceding the filing. In the Spring of 2010, the Honolulu Symphony Foundation (“Foundation”) prepared a 2010 Organizational Analysis, which showed the current trends of symphonies and symphonic music nationwide. The Debtor had an open forum at the Dole Cannery at which representatives of the Musicians’ Association of Hawaii Local No. 677, American Federal of Musicians (“Union”) participated in the discussion of the Foundation’s Organizational Analysis. While there were some disagreements whether the Foundation’s data applied to Honolulu and the Society, the general trend and future projections were not optimistic as to the future of symphonic music in Hawaii. Despite these

projections, the Society and its Board of Directors wanted to proceed with the reorganization.

During the Chapter 11, the Society and its Board organized a series of small gatherings of Board members and invited guests to keep the spirit of classical music alive in Honolulu. During this period, the Society, with the assistance of its special counsel for labor matters, reviewed the existing Collective Bargaining Agreement (“CBA”). Since the Musicians are key to any symphony, the Society found that working within the parameters of the existing CBA, including the number of full-time musicians and other personnel, put an insurmountable financial burden on the Society.

Whether the personnel costs were \$5 million or \$6 million annually, it was apparent that without future advances from the Foundation, which would not be available for six years since the payment of the \$2 million in back pay in September 2009, or seek additional grants from the State of Hawaii, which was not realistic in the current economic and political climate, the funding for a full-time Honolulu Symphony was not feasible.

The roll call of mainland symphonies that have filed for Chapter 11 protection, like Louisville, Kentucky, or experienced severe financial pressures like the prestigious Detroit and Philadelphia orchestras, cast a pall on the entire sector. It was apparent by the Fall of 2010 that the state of symphonic music in the United States and Honolulu was precarious.

With this as background and mindful that any plan of reorganization would have to satisfy the “feasibility” test, the Society’s Board of Directors, could not see much prospect in continuing in Chapter 11, nor successfully confirming a plan of reorganization.

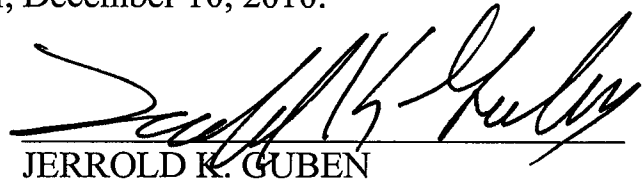
At a Special Meeting of the Board of Directors of the Society on December 9, 2010, the Directors unanimously voted to request the Court to convert the current Chapter 11 case to Chapter 7, and further request the Court delay the effective date of the conversion to December 31, 2010. The Society is current on its non-musician obligations and has paid its operating expenses through December 31, 2010.

The Society’s Board has engaged in active fund raising efforts during the Chapter 11, but it is difficult for a symphony without an independent and substantial endowment to survive. Since the Society had neither, the prospects for the future were dim.

The combination of a changing demographic for symphonic music and the current economic conditions make for difficult times for the Society now and in the foreseeable future. The Society realized that continuing in Chapter 11 without a realistic prospect of confirming a Chapter 11 Plan could not be justified and for that reason, the Society’s Board voted to request this Court convert the pending Chapter 11 case to Chapter 7, with a delay in the effective date of conversion.

While the Society's reorganization was not successful, it was not for lack of effort by all, including the Musicians, the Union, and the Honolulu Symphony Foundation, all of whom supported the Society with their own unique contributions. To all of these Groups and to the Court, the Board of Directors of the Honolulu Symphony Society wishes to express its appreciation for the cooperation and encouragement during this difficult process.

DATED: Honolulu, Hawaii, December 10, 2010.

A handwritten signature in black ink, appearing to read "Jerrold K. Guben", is written over a horizontal line.

JERROLD K. GUBEN

TINA L. COLMAN

Attorneys for Debtor

HONOLULU SYMPHONY SOCIETY